

OCT 16 1972

Realty Trust Review

Monday, October 16, 1972

VOL. III, No. 19

21

VALUE GUIDE TO LONG-TERM MORTGAGE & EQUITY TRUSTS IN THIS ISSUE										
	Assets (Mil.\$)	Port. Yield	Oper. Margin	-6.Mo. Port. Chg- Last	Lever. Ratio	Wts. Out*	Div. Price	Yield	Page	
BankAm.Rlty	\$162.8	9.70%	7.05%	9%	11%	1.19	0%	\$28.88	6.6%	2
Barnett-Win.	30.4	NR	NR	NO	67	NA	100	19.50	---	2
BT Mtg.Inv.	107.9	10.85	8.75	44	0	3.35	30	30.50	7.8	2
CleveTrust Inv.	72.3	8.99	7.39	31	21	0.53	100	21.63	7.4	3
ConnGen.M&R	235.6	9.74	7.71	15	28	0.20	0	25.25	7.0	3
Cousins M&E	134.9	10.67	8.68	52	28	1.99	33	25.38	8.0	3
Equit.Lf.Mtg.	187.0	9.43	7.32	- 1	16	0.28	0	29.88	7.0	4
Fidelco Growth	51.8	12.43	10.66	17	67	0.42	21	36.50	9.0	4
First Memphis	43.3	9.60	7.81	55	35	1.03	97	20.13	8.3	4
Gulf Mtg.& Rlty.	79.8	9.24	7.30	47	38	0.96	100	18.63	8.5	5
HNC Mtg.& Rlty.	67.4	10.59	8.20	84	34	0.33	0	20.63	8.2	5
Institutional	132.8	12.04	9.38	24	20	0.63	0	18.25	9.2	5
MassMut. Mtg.	176.5	10.18	8.58	20	22	0.00	0	26.00	7.7	6
MONEY Mtg. Inv.	208.9	9.16	8.08	24	21	1.16	0	12.50	8.2	6
Mtg.Growth In.	43.0	10.08	8.05	NA	15	0.01	3	15.50	6.7	6
NW Financial	27.9	14.09	10.62	66	125	0.00	100	17.88	6.0	7
NW Mut.Life	131.5	9.48	7.66	11	56	0.35	0	25.00	7.2	7
Old Stone Mtg.	29.0	11.85	8.49	193	43	0.41	122	13.88	8.6	7
PNB Mtg.& Rlty.	74.5	10.44	8.48	31	40	0.98	84	24.25	8.8	8
RAMPAC	48.8	9.76	7.82	36	31	0.00	0	19.00	7.8	8
State Mut.	88.7	11.38	9.65	17	20	0.51	0	24.25	9.1	8
TOTAL/AVG.	\$2,134.8	10.49	8.38	41	35	0.72	38		7.9	

Operating margin is gross portfolio yield minus all expenses except depreciation.
Leverage ratio is ratio of fixed-rate debt to capital (equity plus convertibles).
*Warrants outstanding as a percentage of shares assuming full conversion. E-Est.

LONG-TERM MORTGAGE TRUSTS: MORE LEVERAGING AND DYNAMISM THAN YOU MAY THINK

These 21 are heavily institutional, sponsored by seven life companies and 11 banks. All stress long-term mortgages, portfolio yields are generally lower and more stable than short-term trusts. Thus operating margins (the net yield after paying all operating expenses except interest) are generally low. Leveraging capability exists: long-term capital is invested long and short-term in short C & D loans. Institutional sponsorship gives them favorable access to the short-term money market, they have obtained attractive spreads (i.e., net return on investments supported by borrowings). By the same token their relatively stable portfolio yields expose them to increases in short-term interest rates. There is more dynamism here than you might suspect. We tabulated expectations for portfolio growth (the earning assets which produce higher dividends). Yields are somewhat low for most reflecting high portfolio quality but appear well secured. Aggressive investors will favor *Fidelco Growth* and *Institutional Investors*. Recent entrants like *HNC* and *First Memphis* have intermediate term appeal. *Northwest Mutual Life* is an excellent choice despite its lower yield while *State Mutual* is interesting long-term. *Barnett-Winston* and *Cousins* are also attractive.

Rankings in this issue are based on latest data from 117 trusts. Rankings help classify a trust quickly relative to others. For example, BankAmerica Realty is big, 17th in asset size, but portfolio yield is 92nd from the top. Leveraging brings return on equity up to 54th rank, in the upper half of the 117 trusts.

KENNETH D. CAMPBELL, EDITOR AND PUBLISHER / AUDIT INVESTMENT RESEARCH INC., 230 PARK AVENUE, SUITE 555, NEW YORK, N.Y. 10017 (212) 725-1410

HOUSING & REALTY INVESTOR, REALTY TRUST REVIEW and special industry investment reports are published by Audit Investment Research, Inc., registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Under no circumstances is anything contained herein to be construed as an offer to purchase or a solicitation to sell any security mentioned. Information has been obtained from sources believed to be reliable and reasonable care has been exercised in compilation, but accuracy or completeness cannot be guaranteed. Expressions of opinion are solely the responsibility of the publisher and may be changed at any time without notice. Audit Investment Research will disclose any interest it holds in any security mentioned in an advisory publication, although its officers, employees or clients may from time to time have an interest in securities covered in its publications. Copyright 1972 by Audit Investment Research, Inc.

PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTION \$84 ANNUALLY SINGLE COPY \$5 GROUP RATES ON REQUEST

BANKAMERICA REALTY INVESTORS (OTC-BRLTS)

Long-term mtg. & equity. FY ends July 31

RANKING (Data as of 7/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	17	15	92	54
Amt.	\$162.8M	\$64.8M	9.70%	9.84%

Portfolio dynamics: Holdings increased 9% in last 2 quar., a gain of \$6.9M per quar. Current fundings of \$162.7M are 69% short-term mtg., 16% equity in buildings, 15% equity in land. Over half of invest. located in Calif., re-

mainder in 15 states and Guam. Mgmt. estimates fundings will reach \$180M (about a 10% gain) in next six months w. about two-thirds in short-term and one-third equity. Loss reserve: \$141T or 0.13%. Financing: Capital amounts to \$72.5M (\$64.8M equity w. 3.41M sh.) and \$7.7M 6 3/4% convert. debent. Debt is \$86.3M consisting of \$75.4M commercial paper, \$10.1M mortgages. Leverage ratio is 1.19-1. No public financing next six months; money costs were 4.62% in the latest quarter, giving the trust a 2.43% spread on borrowings. Adviser & expenses: BankAmerica Realty Services, subsidiary of BankAmerica Corp., largest U.S. bank holding company. Expenses averaged 2.50% of invest. last 6 mon. Six month outlook: Moderate portfolio growth should contribute steady increases in earnings and dividends. Current dividend yield of 6.6% near the low for last 2 quar. and thus shares appeal to long-term holders seeking low volatility. (VCK)

BARNETT-WINSTON INVESTMENT TRUST (OTC-BWITS)

Long-term mtg. & equities. FY ends Sept.30

RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	NA	NA	NA	NA
Amt.	\$30.4M	\$30.4M	NR	NR

Portfolio dynamics: \$18.0M, most initial holdings, are divided 77% constr.; 13% intermediate and long-term; 7% land develop.; 3% land purchase leaseback. Heaviest concentration in Fla. (54%) with sizeable portions in Calif.,

Hawaii, Texas and Ga. Portfolio expected to reach \$30M+ in next six months. Trust plans substantial increase in intermediate term loans in near future to about 25% of portfolio. Constr. loans will be reduced significantly. Loss reserve: NA. Financing: \$30.4M w. 1.66M sh. Sh. reserved for wts. would add 100% to present sh. Initial offering of 1.65M units (1 sh., 1 wt.) @ \$20 per unit made July 13, '72. No public financing planned next 6 mon. Trust has \$20M line of credit with 5 banks at prime, with normal compensating balances. Adviser & expenses: Barnett-Winston Investment Counselors, Inc., subsidiary of Barnett Banks of Florida. No experience with expense ratios at present. Six month outlook: Lack of earnings record prevents accurate investment appraisal. Affiliation with Barnett Banks and Barnett-Winston provides excellent real estate savvy and loan generation. Shares should do well over intermediate term. (VCK)

BT MORTGAGE INVESTORS (ASE-BTM)

Long-term mtg. & equities. FY ends Sept.30

RANKING (Data as of 6/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	31	58	58	1
Amt.	\$107.9M	\$27.2M	10.85%	19.81%

Portfolio dynamics: Fundings rose 44% in past six mon., averaging \$16.2M gain per quarter. Management however does not expect any significant portfolio increase in next 6 mon. due to heavy repayments.. Current holdings of \$106.7M are 54%

constr., 21% long-term mtg., 16% intermediate term, 9% develop. Loss reserve: \$153T or 0.14%. Financing: Equity is \$27.2M, w. 1.95M shares. Debt of \$79.5M is \$62.1M notes payable and \$17.4M of 5 3/4% subor. debent. Leverage ratio of 3.35-1 is highest among mortgage trusts. Shares reserved for wts. would add 30% to outstanding. Money costs of 5.12% permitted 3.63% spread on borrowing in latest quarter. Adviser & expenses: BT Advisors, Inc., subsidiary of Bankers Trust., 8th largest U.S. bank. Expense ratio averaged 2.22% last 2 quar. Six month outlook: Lack of growth in portfolio may cause slackening of past dynamic earnings and dividend increases. New financing is possible. Shares relatively unattractive for intermediate term but strong financial backup gives them longer term appeal. (VCK)

CLEVETRUST REALTY INVESTORS (OTC-CTRIIS)

Long-term mtg. & equities. FY ends Sept. 30

RANKING (Data as of 6/72)

	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Equity Ret.</u>
Rank	57	29	105	69
Amt.	\$72.3M	\$46.8M	8.99%	8.40%

Portfolio dynamics: Holdings rose 31% over past 6 mon. or an average \$8.2M per quar. Increase of \$5-\$10M per quar. appears likely next 6 mon. with largest increase in short-term loans. Current hold-

ings of \$69.9M are 49% short-term loans, 27% equities; 24% long-term loans. Holdings are widely diversified in location. Loss reserve: \$49T or 0.07%. Financing: \$46.8M in equity w. 2.52M sh. and \$25.0 in debt consisting of \$9.4M in mtg. payable, \$9.7 bank lines, \$5.9M commercial paper. Leverage ratio is 0.53-1. No plans of a public offering in next 6 months. Bank lines currently at \$35.5M at prime, with varying balances. Adviser & expenses: CleveTrust Advisers, 60% owned by Howard S. Bissell, Inc., wholly-owned subsidiary of The Cleveland Trust Company, Ohio's largest bank, and 40% owned by Cragin, Lang, Free & Smythe, Inc., real estate service co. All expenses were 1.64% of avg. invest. last 2 quar. Six month outlook: Steady growth in portfolio as well as strong financial & loan generation point to increase in earnings & dividends. Yield of 7.4% is at low end of range over last two quar. Although large potential dilution of 100% from wts. could restrict share results, shares are a solid long-term hold. (VCK)

CONNECTICUT GENERAL MTG. & RLTY. INVEST. (NYSE-CGM)

Long-term mtg. & equities. FY ends Mar. 31

RANKING (Data as of 6/72)

	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Equity Ret.</u>
Rank	4	5	90	85
Amt.	\$235.6M	\$110.3M	9.73%	7.51%

Portfolio dynamics: Holdings gained 13% last six mo., to \$266M, or an average \$15.1M per quar. Commitments on Sept. 30 were \$250M and mgmt. estimates fundings will reach the \$330-\$350M area by March 1973,

a gain of about 26-30%. Fundings at June 30 were 38% long-term mortgage; 23% constr. & devel. mtg.; 19% equity; 16% short-term mtg. Loss reserve: \$210T or 0.12%. Financing: Capital of trust amounts to \$190.7M which consists of \$110.3M equity w. 5.53M shares; \$73.0M 6% convt. subor. debent., \$8.8M 6 3/4% convt. subor. debent. Debt of \$38.5M is composed of \$18.4M short-term notes and \$20.1M mtg. notes. Leverage ratio 0.20-1. Public financing is not likely in next 6 months. Current bank lines amount to \$55M and are at prime. Adviser & expenses: Congen Realty Advisory Company, wholly-owned subsidiary of Connecticut General Insurance Corporation, one of the ten largest U.S. life insurance companies. All expenses were 2.13% of avg. invest. for last 2 quar. Six month outlook: A slippage in portfolio yield in the past 5 quarters will have to be corrected before any significant earnings & dividend increase can be affected. An increase in the longer-term nature of the portfolio may also put further pressure on yield and minimize impact of portfolio growth ahead. There are no warrants. Shares yielding 6.8% are at upper end of recent dividend range and are a sound conservative holding. (VCK)

COUSINS MORTGAGE AND EQUITY INVESTMENTS (NYSE-CUZ)

Long-term mtg. & equities. FY ends Aug. 31

RANKING (Data as of 8/72)

	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Equity Ret.</u>
Rank	30	31	67	47
Amt.	\$134.9M	\$45.1M	10.63%	10.26%

Portfolio dynamics: Portfolio yield has been firm at present levels over last two quar. Holdings rose 5% in last 6 mon., or average of \$20.9M per quar. Some slacking in this rate is expected next 6 mon.,

although mgmt. expects rise of about \$15-\$20M per quar. (or a 24%-32% gain). Recent holdings of \$122.6M are 65% short-term loans; 26% long-term; 9% intermediate-term loans. About 63% is in Southeast, 13% East. Loss reserve: \$510T or 0.42%. Financing: \$45.1M equity w. 2.29M sh. Debt totals \$89.8M incl. \$43.2M notes payable to banks, \$16.6M commercial paper; \$30.0M 6.5% subor. debent. Leverage ratio 1.99-1. No public offering likely in next 6 months and bank lines currently are \$88.5M. Money costs were 6.23% last quar. and spread on borrowing 2.45%. Adviser & expenses: Investment Advisory Company, a wholly-owned subsidiary of Cousins Properties Inc., a

diversified real estate firm in Atlanta. All expenses were 2.00% of avg. invest. last 2 quar. Six month outlook: Good increase in funded portfolio plus low-dilution potential of 33% should lead earnings and dividends to grow moderately. Trust shares yield 8.0%, about middle of recent dividend range, and have moderate attraction. (VCK)

THE EQUITABLE LIFE MORTGAGE AND REALTY INVESTORS (NYSE-EQ)

Long-term mtg. & equity. FY ends Oct. 31.

RANKING (Data as of 7/22)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	13	2	98	68
Amt.	\$187.0M	\$132.3M	9.43%	8.50%

Portfolio dynamics: Fundings

decreased by 0.64% over the last two quar. while yield has been falling moderately. An "optimistic" estimate would be for loans to rise about 16%-17% to \$220-\$225M next

two quar. Increase in short-term loans should aid yield. Holdings of \$189.9M are 68% long-term mtgs., 28% short-term constr. & devel. loans. Loss reserve: \$350T or 0.20%. Financing: Capital of \$143.7M is \$132.3M equity w. 5.43M sh. and \$11.4M of 6 3/4% subor. convert. debentures. Debt totals \$39.7M, about half commercial paper, half short-term bank loans. Leverage ratio is 0.28-1. No warrants are outstanding. Public financing is not a possibility in next 6 months and bank lines stand at \$20M currently. Money costs of 4.60% provide a 2.72% spread on borrowings. Adviser & expenses: The Equitable Life Assurance Society of the U.S., third largest U.S. mutual life insurance company, acts as adviser. Avg. expense for last 2 quar. were 2.02% of avg. invest. Six month outlook: Trust should be able to show moderate earnings and dividend gains over \$2.08 annual rate in July. Heavier concentration on short-term loans should be beneficial. Current 7.0% yield is near the average of recent quarters and shares are a conservative long-term capital appreciation candidate.(VCK)

FIDELCO GROWTH INVESTORS (ASE-FGI)

Long-term mtg. & equity. FY ends Nov. 30.

RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	70	39	20	20
Amt.	\$51.8M	\$36.5M	12.43%	12.81%

Portfolio dynamics: Holdings

grew 17% in last 2 quar., or an avg. gain of \$3.8M per quar. Mgmt. expects holdings to rise \$35M in next two quar. (or about 67%). Yield has been firm at current levels last

four quar. Recent holdings of \$51.2M include 44% short-term loans; 44% long-term loans; 12% land purchase/leasebacks. Trust specializes in package financings with equity participations. Loss reserve: \$80T or 0.16%. Financing: Offering of 300,000 sh. in May increased equity base to \$35.4M w. 1.42M sh. Debt is \$15.3M, all commercial paper. Leverage ratio is 0.42-1. Current bank lines are \$25.5M and money costs were 4.86%, leaving a large 5.79% spread on borrowings. Adviser & expenses: Latimer & Buck Advisers, Inc., a subsidiary of Fidelity Corp. of Penn., whose other subsidiaries include: The Fidelity Bank of Philadelphia and Latimer & Buck, Inc., a mortgage banker. Over last 2 quar., all expenses were 1.76% of avg. invest. Six month outlook: Expected substantial increase in portfolio should produce good gains in earnings & dividends. Impact of May offering on share results has been largely absorbed although some potential dilution (21%) from wts. still exists. Financial backing and loan generation capability are other but big plusses. Shares are excellent intermediate term capital gains candidates. (VCK)

FIRST MEMPHIS REALTY TRUST (OTC-FMEMS)

Long-term mtg. & equity. FY ends Nov. 30.

RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	82	64	87	60
Amt.	\$43.3M	\$21.0M	9.99%	9.40%

Portfolio dynamics: Fundings

rose 55% over the last 6 mon., an avg. gain of \$7.5M per quar. Mgmt. expects another gain of about \$15M over next 6 mon., or about 35%. Nearly all growth expected in mort-

gages. This should increase yield, which rose slightly in August quarter after reaching a bottom of 9.74% in May. Recent holdings of \$42.3M are 55% constr. & devel. loans, 24% land and land devel. loans; 13% long-term mtgs.; 3% land, and 5% equity in buildings. Loss reserve: \$327T or 0.83%. Financing: Trust is financed by \$21.0M equity w. 1.17M

sh. Debt of \$21.7M mainly \$12.5M comcl. paper and \$8.0M notes. Leverage ratio 1.03-1. No public financing expected. Bank lines at \$28M and money cost 5.38% in latest quar., bringing 2.44% spread on borrowings. Adviser & expenses: First Nat. Bank of Memphis. All expenses were 2.43% of avg. invest. last 2 quar. Six month outlook: Continued growth in portfolio should bring moderate gains in earnings and dividends. Yield of 8.3% is near recent highs and shares attractive for intermediate term. (VCK)

GULF MORTGAGE AND REALTY INVESTMENTS (ASE-GMR)

Long-term mtg. & equity. FY ends Feb. 28/29
RANKING (Data as of 8/72)

	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Equity Ret.</u>
Rank	47	33	101	71
Amt.	\$79.8M	\$40.2M	9.24%	8.35%

Portfolio dynamics: Holding rose 47% last 2 quar., for an avg. gain of \$11.6M per quar. Albert J. Toole III became new trust president in April and initiated policy stressing more short-term loans. Mgmt. expects fundings to exceed \$100M by February 1973. Recent holdings of \$72.7M are 62% long-term loans 27% constr. & other short-term; 11% real estate. Loss reserve: \$153T or 0.24%. Financing: Equity is \$40.2M w. 2.21M sh. Debt of \$38.5M is \$34.0M short-term notes, the rest mtgs. Leverage ratio 0.96-1. Public financing not expected. Bank lines now \$65-\$70M and money cost 4.74% last quar., bringing 2.55% spread on borrowings. Adviser & expenses: Gulf Real Estate Advisory Services, sub. of Gulf Life Holding Co. All expenses were 1.96% of avg. holdings last 2 quar. Six month outlook: Increase in short-term loans should aid yield and earnings and dividend growth. Heavy wt. coverage (100%) a negative but shares merit intermediate-term hold. (VCK)

HNC MORTGAGE AND REALTY INVESTORS (OTC-HNCMS)

Long-term mtg. & equity. FY ends Oct. 30.
RANKING (Data as of 7/72)

	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Equity Ret.</u>
Rank	60	34	70	76
Amt.	\$67.4M	\$40.1M	10.59%	8.13%

Portfolio dynamics: Portfolio surged 84% last 2 quar. but some slowing anticipated next 6 mon., with growth in \$10-\$12M range per quarter, or about 31-37% gain. Yield has been firm at current levels. Holdings are \$64.8M. Loss reserve: \$34T or 0.05%. Financing: Capital of \$50.5M is \$40.1M equity w. 2.01M sh. and \$10.4M 6 3/4% convt. debent. Debt of \$16.6M all bank loans. Leverage ratio 0.33-1. Public financing unlikely. Bank lines are \$35M (\$22M now in use) plus \$8.6M comcl. paper. Money costs of 7.59% in latest quar. relatively high but bank connections should lower cost. Adviser & expenses: HNC Realty Advisers, sub. of Hartford Nat. Corp., Connecticut's largest one-bank holding co. Expenses were 2.41% of avg. invest. last 2 quar. Six month outlook: Impressive growth in earnings and dividends shown in brief operations to date. Continued strong portfolio growth and absence of wts. favorable. Dividend of 8.2% relatively good and shares are sound intermediate-term capital gains vehicle. (VCK)

INSTITUTIONAL INVESTORS TRUST (OTC-ININS)

Long-term mtg. & equity. FY ends Jan. 31
RANKING (Data as of 7/72)

	<u>Assets</u>	<u>Equity</u>	<u>Port.Yield</u>	<u>Equity Ret.</u>
Rank	22	NR	29	26
Amt.	\$132.8M	\$77.2M	12.04%	11.95%

Portfolio dynamics: Although new to public investors, IIT has been operating over two yrs. Holdings rose 24% in the last 6 mon. and are expected to gain another 20% in the coming 6 mon. Portfolio of \$123.1M is 47% constr. loans. 25% devel.; 8% standing loans, 8% equity participations; 6% permanent loans, 5% land purchase/leasebacks. Major geographic areas are Fla., 13%; Texas, 13%; Calif., 10%. Loss reserve: \$672T or 0.58%. Financing: Trust came public with 1,000,000 sh. offering July 20 at \$18. Equity capital is \$77.2M w. 5.9M shares. Debt of \$48.7M composed of \$29.7M short-term notes and \$19.0M commercial paper. Private placement of \$30M subor. debent. w. wts. being negotiated. Money costs of 6.23% brought a spread of 3.16% on borrowings. Adviser & expenses: Institutional Property Advisers, 71% owned by sub. of Donaldson, Lufkin & Jenrette, N.Y., and 5% by Prescott, Merrill,

Turben, Cleveland, both securities firms. All expenses were 2.52% of avg. invest. last 2 quar. Six month outlook: Growth of portfolio, adequate financing and no dilution all point to growth in earnings and dividends. Shares yielding 9.2% have solid intermediate-term appeal. (VCK)

MASSMUTUAL MORTGAGE AND REALTY INVESTORS (NYSE-MML)

Long-term mtg. & equity. FY ends Oct. 31

RANKING (Data as of 7/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	14	9	82	74
Amt.	\$176.5M	\$87.8M	10.18%	8.22%

mtgs., 8% junior loans. Loans are 43% shopping centers and retail, 30% apartments, 10% office buildings, 8% industrial, 5% hotels and motels. Yield has been declining quite moderately last two quar. Loss reserve: \$368T or 0.22%. Financing: Trust is financed by \$172.2M capital consisting of: \$87.8M equity w. 4.44M sh.; \$49.8M 6 1/4% convt. subor. debent.; \$25.0M 6 3/5% convt. subor. debent.; \$9.6M 6 3/4% convt. subor. debent. There is no debt and leverage ratio is 0. No public financing is planned next 6 months. Current bank lines amount to \$20M. Adviser & expenses: Massachusetts Mutual Life Insurance Co., one of ten largest U.S. life companies. All expenses were 1.58% of avg. invest. last 2 quar. Six month outlook: Strong growth in portfolio plus attractive yield bodes well for gains in earnings and dividends. Shares have intermediate and long-term capital gains appeal. (VCK)

Portfolio dynamics: Holdings rose 20% during last 6 mon. and we expect a gain of about 34% in next 6 mon. to about \$220M. Holdings of \$164.2M are 68% long-term first mtgs., 15% first mtg. constr. loans; 9% short-term first

MONY MORTGAGE INVESTORS (NYSE-MYM)

Long-term mtg. & equity. FY end May 31.

RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	7	11	100	45
Amt.	\$208.9M	\$82.4	9.25%	10.49%

second mtgs. Holdings widely diversified with significant invest. in Calif. Loss reserve: N.R. Financing: Trust capitalized at \$95.3M consisting of \$82.4M equity with 8.39M sh. & \$12.9M of 7% convt. subor. debent. Debt of \$110.1M is \$105.5M short-term borrowings and \$4.6M 6 1/2% mtg. notes. Leverage ratio is 1.16-1. Public financing not contemplated next 6 mon. Bank lines currently \$110M. Money costs of 5.23% last quar. well controlled and permit 2.85% spread on borrowings. Adviser & expenses: Mutual of New York 11th largest U.S. Life insurance co. All expenses were 1.18% last 2 quar. Six month outlook: Continued growth in portfolio plus improving yield bodes well for growth in earnings and dividends. Shares represent longer-term capital gains candidate. (VK)

Portfolio dynamics: Holdings gained over 24% last 6 mon. and another 21% increase to about \$250M will be added by May 1973. Holdings of \$198.9M are 57% constr. and short-term loans, 35% long-term loans, 4% equities, 1%

MORTGAGE GROWTH INVESTORS (ASE-MTG)

Long-term mtg. & equity. FY ends Nov. 30

RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	NR	NR	NR	NR
Amt.	\$43.0	\$16.5	10.08%	8.46%

purchase, construction and bridge financing until final permanent mtg. placed. Market for such loans is highly competitive and future fundings will develop slowly. Holdings of \$34.5M are about 26% first mtgs. & constr. loans, 31% second mtgs., 25% purchase money mtgs., 13% land. Loss reserve: \$43T or 0.12%. Financing: Capital of \$41.7M is \$16.5M equity (w. 1.22M sh.) and \$25.2M 7 3/4% debent. convertible at \$12.21. Bank lines \$4M. Adviser & expenses: Sonnenblick-Goldman Corp., national mtg. broker and also adviser to North Amer. Mtg., a short-term trust. All expenses were 2.03% last quar. Six month outlook: Mgmt. committed to gains in earnings and dividends; extra dividend from overage rents to be distributed early 1973. Shares have longer-term potential. (KDC)

Portfolio dynamics: Holdings have risen moderately the past 2 quar., the 2nd and 3rd in MGI's chosen role in providing full range financing. Trust seeks to enter projects at earliest stage and provide financing umbrella over land pur-

NORTHWESTERN FINANCIAL INVESTORS (OTC-NFINS)

Long-term mtg. & equity. FY ends Undetermined.

RANKING (Data as of 7/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	100	53	11	103
Amt.	\$27.9M	\$27.8M	14.09%	5.82%

Portfolio dynamics: Fundings

surged 66% in last 2 quar., first in trust's operations, and gain of about 125% (or \$24M) expected next 6 mon.

Holdings of \$19.1M are 35% interim loans, 25% constr. loans, 17% perman-

ents, 11% land loans. Majority are located in N. Carolina. Yield pattern is not yet well established. Loss reserve: NR Financing: Initial offering January 1972 gave capital of \$27.8M w. 1.51M sh. No borrowings to date but bank lines of \$28M at prime available. No public financing planned. Adviser & expenses: Northwestern Financial Corp., sub. of Northwestern Financial, one-bank holding co. for Northwestern Bank of Charlotte, N.C. Expenses were 3.03% of avg. invest. last 2 quar. Six month outlook: Despite short record, trust has displayed substantial growth and continuation bodes well for earnings and dividends. Heavy wt. coverage (100%) a negative but shares are suitable for intermediate-term capital gains. (VCK)

NORTHWESTERN MUTUAL LIFE MTG. & REALTY INVESTORS (NYSE-NML)

Long-term mtg. & equity. FY ends Mar. 31

RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	24	8	96	72
Amt.	\$131.5M	\$87.9M	9.48%	8.4%

Portfolio dynamics: Holdings gained

11% in last 2 quar. Mgmt. expects fundings to reach \$200M (56% gain) by March 1973 with 60% in permanent mtg.; 30% in short-term mtg.; 10% real estate. Port. yield has been inching upward in

past 3 quar. Latest funding of \$127.7M are 64% permanent mtg.; 26% constr. mtg.; 7% real estate; 3% land loans. Holdings by property type are 30% shopping centers; 23% apartments; 21% office buildings; 11% industrial; 9% hotel; 6% other. Loss reserve: \$70T or 0.01%. Financing: Capital amounts to \$95.4M (\$87.9M equity w. 4.54M sh.) and \$7.5M 6% subor. convt. debent. Debt is \$33.3M consisting of \$24.6M commercial paper; \$5.6M short-term unsecured notes; \$3.1M mtg. notes. Leverage ratio is 0.35-1. No public financing in next six months. Trust has recently completed a \$50M ten-year term loan with 4 banks headed by First Nat'l. Bank of Chicago with rates floating with prime. Money costs were 5.30% in latest quar. giving trust a 2.36% spread on borrowings. Adviser & expenses: The Northwestern Mutual Life Insurance Co., seventh biggest U.S. life insurance company. Expenses averaged 1.82% of invest last 6 mon. Six month outlook: Substantial portfolio gains, good yield on invest. and no dilution all point to significant earnings and dividend gains. Trust shares represent an excellent candidate for intermediate term capital appreciation. (VCK)

OLD STONE MORTGAGE & REALTY TRUST (OTC-OSMRS)

Long-term mtg. & equity. FY ends Dec. 31

RANKING (Data as of 7/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	98	NR	37	NR
Amt.	\$29.0M	\$6.9M	11.85%	9.1%

Portfolio dynamics: \$28.0M of invest. are divided 32% real estate eq-

uities; 21% first mtg.; 19% constr. mtg.; 14% first mtg. with income participations; 12% land purchase-leasebacks; 2% second mtg. Shopping centers & retail stores,

motels and residential properties are predominant. Mgmt. anticipates an addition of \$10-15M to portfolio in next 6 months with composition virtually the same. Loss reserve: NR. Financing: Trust has \$21.3M capital with \$6.9M in equity w. 493T sh. and \$14.4M 6 7/8% convt. subor. debent. Debt. of \$8.4M amounts to \$7.8M in mtg. loans and \$0.6M short term notes payable. Leverage ratio 0.41-1. Public financing not probable. Bank lines presently are \$8.5M at prime with no balances. Adviser & expenses: Old Stone Mgmt. Corp., affiliated with Old Stone Corp., Providence, R.I., one-bank holding company. All expenses were 3.49% of avg. invest. last 2 quar. Six month outlook: Previous rapid growth in portfolio will slow. Gain in earnings and dividends may be hurt by heavy dilution (122%) due to wts. and high expenses. Current yield (8.6%) is near top of range for last 2 quar. Shares are suitable for longer-term capital gains. (VCK)

PNB MORTGAGE & REALTY INVESTORS (ASE-PNI)

Long-term mtg. & equity. FY end Sept. 30.

RANKING (Data as of 6/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	54	38	77	24
Amt.	\$74.5M	\$37.6M	10.44%	12.03%

Portfolio dynamics: Holdings rose

31% in 6 mon. to June; Sept. quar. portfolio not available. Gain to about \$120M by March 1973 expected. June holdings of \$73.8M were 52% first mtg. constr. & devel. loans, 34% permanent first mtgs.,

8% junior mtgs., 5% other first mtgs. Holdings located in Penn., 35%, N.J., 17%, Calif., 13%. Loss reserve: \$141T or 0.19%. Financing: Capital of \$37.6M all equity w. 1.99M sh. Debt of \$36.7M consists of \$23.0M comcl. paper and \$8.7M notes. Leverage ratio 0.98-1. No public financing till spring 1973. Revolving credit line of \$15M w. Mellon Nat. Bank and \$40M short-term lines available. Money cost 4.53% last quar. provided 3.94% spread on borrowings. Adviser & expenses: Colonial Advisers, sub. of Colonial Mtg. Service Co., one of largest U.S. mtg. bankers and sub. of Philadelphia Nat. Bank. All expenses were 2.07% of avg. fundings last 2 quar. Six month outlook: Significant portfolio growth plus good yield bodes well for growth in earnings and dividends. Wt. coverage of 84% minor negative. Yield of 8.8% is near top of recent yield range and shares have intermediate term capital gains potential.

(VCK)

REALTY & MORTGAGE INVESTORS OF THE PACIFIC (OTC-RPACS)

Long-term mtg. & equity. FY ends Nov. 30

RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	74	62	90	79
Amt.	\$48.8M	\$23.8M	9.76%	7.9%

Portfolio dynamics: Holdings of

\$45.8M are divided 86% constr. & participation loans; 7% permanent loans; 5% real estate partnerships; 2% rental property-land. Invest. are located 45% Hawaii, 28% Calif., 12% Guam. Portfolio

gained 36% over last 2 quar. or an avg. gain of \$6.1M per quar. Mgmt. expects the portfolio to reach \$60M (31% gain) in next six months. Loss reserve: \$49,700 or 0.12%. Financing: Trust capitalized at \$48.1M consisting of \$23.8M equity (w. 1.3M sh.) & \$24.3M 6 3/4% convt. subor. debent. Trust has no fixed debt. Public financing unlikely next 6 months. Bank lines currently at \$42.5M, at prime rate with normal balances. Advisers & expenses: Bankoh Advisory Corp. sub. of Bank of Hawaii, largest bank in Hawaii. All expenses were 2.15% of avg. invest. last 2 quar. Six month outlook: Continued growth in portfolio looks likely but may not be able to match early record. Drop in port. yield in past six months plus the trend toward more permanent loans may limit near-term growth in earnings & dividends. Absence of dilution will be of some help. Shares warrant long-term holding.

(VCK)

STATE MUTUAL INVESTORS (ASE-SMA)

Long-term mtg. & equity. FY ends Mar. 31

RANKING (Data as of 6/72)

	Assets	Equity	Port.Yield	Equity Ret.
Rank	40	28	48	35
Amt.	\$88.7M	\$49.5M	11.38%	11.07%

Portfolio dynamics: Holdings in-

creased 17% in last 2 quar. Current funded portfolio of \$81.8M is broken down: 35% long-term; 30% constr.; 20% devel.; 14% land; 1% real est. Mgmt. est. port. reaching \$98M (about 20% gain) in next six

months with same 42% of portfolio in long-term loans. Loss reserve: \$114T or 0.14%. Financing: Capital amounts to \$57.4M with \$49.5M equity w. 2.56M sh. and \$7.9M 6 3/4% convt. debent. Debt is \$29.1M consisting of \$17.6M notes payable and \$11.5M comcl. paper. Leverage ratio is 0.51-1. Chances high for public financing in next 6 mon. Trust currently negotiating a \$15M, 4-yr. revolving line at 3/4% over prime with no balances to be finalize at end of Oct. Money cost 4.94% in latest quarter, giving the trust a 4.71% spread on borrowings. Adviser & expenses: The American Group Management Corp. owned by State Mutual Life Assurance Co. of America. Expenses were 1.87% of avg. invest. last 2 quar. Six month outlook: Good growth in portfolio, high operating margins, good spread on debt all point to growth in earnings and dividends. A listing on NYSE on Nov. 9 adds attraction. Public financing could restrict share prices but on balance shares have solid intermediate term capital gains potential.

(VCK)